DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY FORCES COMMAND
1777 HARDEE AVENUE SW
FORT McPHERSON, GEORGIA 30330-1062

REPLY TO
ATTENTION OF

AFLG-PR   17 Sep 2001

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Contracting Information Letter (CIL) 01-32

1. This CIL contains information on the following subjects:

    a. FAC – 97-27, FAR Implementation of Section 508 Facts and the Access Board's
Standards

    b. Memorandum, SAAL-PI, dated 5 Jul 01, Subject: Internal and Management Controls –
DOD Purchase Card Program

2. <u>FAC 97-27, Section 508 Facts and the Access Boards Standards</u>. Purchase Card cardholder
training should be modified to remind cardholders of Electronic and Information Technology
(EIT) accessibility requirements. FAC 97-27, available at:
http://www.access.gpo.gov/su_docs/fedreg/a010425c.html
under "Department of Defense", or at http://www.section508.gov/

This final rule amends the FAR to implement section 508 of the Rehabilitation Act of 1973.
Special attention should be paid to the "micro-purchase" exception. It does not exempt all
products that cost less than $2,500. The exception is for a one-time purchase that totals $2,500
or less, made on the open market rather than under an existing contract. This exception will
expire on 1 January 2003, when it is foreseen that commercial products will be labeled.
Cardholders are strongly encouraged to comply with the applicable accessibility standards to the
maximum extent practicable. The EIT standards are at 36 CFR part 1194 (see links below).
Regardless of purchase price, there still is an agency requirement to give reasonable
accommodation for the disabled under section 504 of the Act. Guidance is provided at the
following websites:

http://www.section508.gov/

http://216.218.205.189/sec508/brochure.htm

http://www.access-board.gov/sec508/assessment.htm

AFLG-PR
SUBJECT: Contracting Information Letter (CIL) 01-32
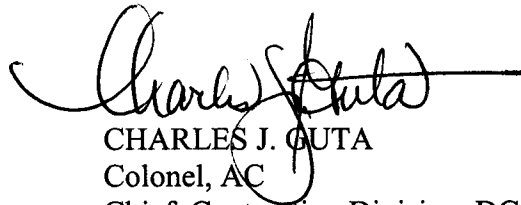

http://www.access-board.gov/sec508/summary.htm

3. <u>Internal and Management Controls – DOD Purchase Card Program.</u> DOD Program Manager for the Government Purchase Card stresses the need to ensure that the Army's Purchase Card Program is properly administered and supported with strict internal controls.

A recent Congressional hearing involving an on-going General Accounting Office (GAO) audit identified a lack of adherence by field activities to establish purchase card internal controls. Although no substantial instances of fraud, waste and abuse were identified, an environment existed that could have easily fostered fraud. As a result of this hearing, the GAO has expanded the audit to include a review of Army and other Defense Components. The contracting office should be conducting reviews on billing officials and cardholders on an annual basis - more often if significant dollar limits have been established on accounts.

4. If additional information is needed, please contact Ms. Gwendolyn Miles, DSN 367-5486, or e-mail milesgwen@forscom.army.mil.

2 encls
as

CHARLES J. QUTA
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    for Contracting

DEPARTMENT OF THE ARMY
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0 5 JUL 2001

SAAL-PI

MEMORANDUM FOR ASSISTANT SECRETARY OF THE ARMY
(ACQUISITION, LOGISTICS AND TECHNOLOGY)
ASSISTANT SECRETARY OF THE NAVY (RESEARCH,
DEVELOPMENT AND ACQUISITION)
ASSISTANT SECRETARY OF THE AIR FORCE
(ACQUISITION)
DIRECTORS, DEFENSE AGENCIES

SUBJECT: Internal and Management Controls – DOD Purchase Card Program

One of the basic tenets of the purchase card program is that fraud-related losses, while unavoidable, can be managed so as to protect the interests of the American taxpayer. Underlying this principle is the need for a system of internal and management controls. If implemented properly, the controls will minimize losses to a level that is reasonable when compared to industry standards as well as the savings that are generated through the use of the card. While I remain confident that the favorable ratio of savings to losses can continue well into the future, there is increasing evidence to suggest that management complacency may well threaten this "margin of safety" if we do not maintain a respectful vigilance.

Central to this vigilance is the allocation of appropriate resources to allow program officials to perform their duties accurately and completely. Audit communities repeatedly advise me that they continue to find instances of an unacceptable span of control between billing officials and cardholders. Billing officials are our first line of defense against fraud, waste, and abuse, as they are required to review each of their cardholder statements. If they have too many cardholders under their purview there is no way these officials can perform the required reviews and attendant certifications of cardholder purchases. As a general rule of thumb, a billing official should have no more than 5-7 cardholders assigned to them for oversight. Of course, this ratio is subject to review if the billing official has one or more cardholders who make many purchases during the month. Similar breakdowns in the chain of controls takes place if agency program coordinators at the base/installation level are assigned responsibility for

the card program as a collateral duty without the required time and attention to devote to the program. Installation/base level agency program coordinators must be given adequate resources to complete the annual or semi-annual compliance reviews required by your card programs in addition to their routine training, account establishment and maintenance duties.

There is more than anecdotal evidence to suggest that the cited beleaguered officials are becoming more the norm than the exception within the Department. In the coming weeks I would ask that you conduct an assessment of the policies and guidelines that are in effect to assist commanders and directors in the proper allocation of resources to the purchase card program. If you have any questions, please do not hesitate to contact me at (703) 681-7564 or my Deputy, Dennis Hudner, at (703) 681-3315.

Bruce E. Sullivan
Director, Purchase Card Joint
Program Management Office

CF:
Under Secretary of Defense (Acquisition & Technology)
Under Secretary of Defense (Comptroller)
Assistant Secretary of the Army (Financial Management & Comptroller)
Assistant Secretary of the Air Force (Financial Management & Comptroller)
Assistant Secretary of the Navy (Financial Management & Comptroller)
Director, Defense Finance and Accounting Office
Directors, DOD Field Activities

Section 508 Facts
Understanding Section 508 and the Access Board's Standards

Purpose

Section 508 requires Federal departments and agencies that develop, procure, maintain, or use electronic and information technology to ensure that Federal employees and members of the public with disabilities have access to and use of information and data, comparable to that of the employees and members of the public without disabilities—unless it is an undue burden to do so.

Who is Covered?

- Federal departments and agencies including the U.S. Postal Service
- Contractors providing services or products to Federal agencies must provide Section 508 compliant deliverables

Exceptions include some military functions, products owned by contractors incidental to a contract, and "back-office" equipment.

What is Covered?

- Electronic and information technology products procured, developed, maintained, or used by a Federal agency

  Complaints and lawsuits can only be filed against products that are procured.

- Electronic and information technology includes products that store, process, transmit, convert, duplicate, or receive electronic information
- Copiers, computers, fax machines, information kiosks, software, operating systems, websites and telecommunications products

Federal agencies are not required to "retrofit" existing technologies.

What are the Technical Standards?

Section 508 standards are technical specifications and performance-based requirements which focus on the functional capabilities covered by technologies. The standards are organized into six sections:

- Software Applications and Operating Systems
- Web-based Intranet and Internet Information and Applications
- Telecommunications Products
- Video and Multimedia Products
- Self Contained, Closed Products
- Desktop and Portable Computers

Important Dates

- **August 7, 1998**
  President Clinton signed The Workforce Investment Act, including the Rehabilitation Act Amendments with an expanded and strengthened Section 508.

- **March 31, 2000**
  The Access Board issued the Notice of Proposed Rulemaking (NPRM), setting forth the proposed standards.

- **December 21, 2000**
  Final Section 508 standards were published in the Federal Register.

- **January 22, 2001**
  The Federal Acquisition Regulation (FAR) was proposed to be amended by adding the Section 508 standards to procurement regulations.

- **April 25, 2001**
  The FAR Final Rule was published in the Federal Register.

- **June 21, 2001**
  Enforcement of Section 508 begins.

When an employee or member of the public files a complaint claiming an agency's procurement is not in compliance, the process for handling that complaint will follow already established procedures that exist under Section 504 of the Rehabilitation Act.

What Do the Numbers Say?

Section 508 implementation is critical in the era of reliance on information technology.

- By 1997 about 19 million Americans were using the Internet. That number tripled in one year, and then passed 100 million in 1999. In the first quarter of 2000, more than five million Americans joined the online world—roughly 55,000 new users each day.
- Every 24 hours, the Web increases by more than 3.2 million new pages and more than 715,000 images.
- The number of electronic mailboxes worldwide reached almost 570 million in 1999. In 1998 the U.S. Postal Service delivered 101 billion pieces of paper mail; estimated e-mails transmitted that year range as high as four trillion.
- About 54 million Americans have some level of disability.

Section 508 Technical Assistance

> **www.access-board.gov/**
> **www.section508.gov/**
> **www.ittatc.org/**